

**Attract For Business owners Underwriting Non-FCRA**

**commercial vertical**

**Quickbase #2211**

**Baseline**

**Product Market Requirements (PMR) Document**

Version 1.1

**CONFIDENTIAL & PROPRIETARY**

The recipient of this material (hereinafter “the Material”) acknowledges that it contains confidential and proprietary data the disclosure to, or use of which by, third parties will be damaging to LexisNexis Inc and its affiliated companies (hereinafter “LexisNexis”). Therefore, recipient agrees to hold the Material in strictest confidence, not to make use of it other than for the purpose for which it is being provided, to release it only to employees requiring such information, and not to release or disclose it to any other party. Upon request, recipient will return the Material together with all copies and modifications, if any.

All names in the text, or on the sample reports and screens shown in this document, are of fictitious persons and entities. Any similarity to the name of any real person, address, school, business or other entity is purely coincidental.

The trademarks, logos, and service marks (collective the “Marks” or “Mark”) appearing in this document are registered and unregistered Marks of LexisNexis and others. The information contained herein does not constitute a grant of any license or right to use any Mark displayed on this document. LexisNexis aggressively enforces its intellectual property rights.

**TABLE OF CONTENTS**

1. Documentation Revision History 4

2. Documentation Guidelines 4

3. Key Contacts 5

4. Vertical Market 5

5. Target Implementation Date/Quarter 5

6. Initiative Purpose 5

7. Dependencies 6

8. Product/Service Requirements 6

9. Contributory Requirements 11

10. Rule Plan Requirements 11

11. Modeling Requirements 11

12. Third Party Data and Vendor Requirements 11

13. Volume 11

14. Account/Customer Setup 11

15. Support Tool 14

16. Management Reports 14

17. Consumer Disclosure 14

18. Billing 14

19. Testing 13

20. Legal 13

21. Security Assessment 13

22. Sales Tax 13

23. Appendix A – Rules Functional Specifications 16

24. Appendix B – Modeling Document 16

1. Documentation Revision History

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Remarks/Comments** |
| 1.0 | 01-07-14 | Connie Fitzsimmons | First draft. |
| 1.1  Baseline | 02-13-14  02-20-14  02-28-14 | Connie Fitzsimmons | Revisions after PMR review. Added MBSi details and new Model document. |
|  |  |  |  |
| **Change Request** |  |  |  |
| CR1 |  |  |  |
| CR2 |  |  |  |
| CR3 |  |  |  |

1. Documentation Guidelines

|  |  |
| --- | --- |
| **Document**  **Author** | This originates from the market vertical team and expanded on by the Product Manager or New Product Execution team member. |
| **Document Purpose** | The document defines purpose, requested product solution functionality, exceptions, performance requirements, legal and regulatory compliances, and operational requirements. |
| **Document Audience** | The Technology and \*Rules Business Analyst teams will use this document to determine the system and technical specifications. |
| **Expected Outcome** | Ensure a common understanding among the project delivery team, of the market problem being solved and the proposed solution. |
| **Document Reviewer** | Market Vertical, Technical Design teams, and the appropriate operational stakeholders. Refer to the [Product Release Checklist](http://teamsites.choicepoint.net/insurance/pncmkt/pmm/Templates/Prod%20Dev%20-%20Product%20Release%20Checklist/Product%20Release%20Checklist%20-%20RACI.xls) for a complete list. |
| **Document Approver** | Document must be approved by Technical and Market Vertical teams to ensure all Vertical requirements are met and clearly enunciated. |
| **Document Destination** | New Product Execution Team SharePoint document repository. |
| **Additional**  **Helpful Tips** | Additional requirements and approvals may be required if other groups such as Rules Business Analysts and Modeling Analytics are affected. This document may contain more headings/categories than applicable for your product solution. Simply indicate NA-Not Applicable, to illustrate that all areas were proactively considered. |



3. Key Contacts

|  |  |  |
| --- | --- | --- |
| **Name** | **Title** | **Responsibility** |
| Mathew Stordy  Hemi Patel | Business Vertical | Responsible for defining product/solution concept based on needs and requirements from the market. |
| Connie Fitzsimmons Susan Goss | New Product Execution | Responsible for defining the business requirements for the initiative. |
| Aaron Hale | Product Management | Responsible for managing the initiative once in production. |
| Ben Saunders | Engineering Project Management | Responsible for the project schedule and coordination of development, testing and production implementation. |
| Rajesh Talreja | Development | Responsible for the design, development and implementation of the initiative into the LN infrastructure. |
| Scott Goss  Matthew Rutland | Rules Business Analyst | Responsible for the Rules functional specifications for integration into the implementation. |
| Dimple Patel | Model Office Testing | Responsible for testing using the Rules functional specifications for integration into the implementation. |
| Becky Champion | Modeling | Responsible for defining and creating the model which will be used for initiative. |
| Nancy O’neill | Customer Test | Responsible for developing appropriate customer test cases. |
| Juan Londono | QC | Responsible for testing system and application functionality as outlined in the PMR. |
| Serkan Yilmaz | MBSi | Responsible for development of account setup, product configuration, billing, support tool, management reports and consumer disclosure. |

1. Vertical Market – Commercial

Official market facing name: LexisNexis® Attract℠ for business owners underwriting

Description: ® Attract℠ for Commercial business owners Underwriting (non-FCRA).

Approved: June 2013

By: Phil Alampi.

1. Target Implementation Date/Quarter– Q2 2014
2. Initiative Purpose
   1. **Executive Summary** –Commercial Insurance Carriers often use consumer credit to evaluate small business owners, especially when assessing loss propensity.  Because of FCRA compliance concerns, these carriers are interested in using a surrogate for consumer credit that helps them evaluate a business/business owners and assess/predict the risk associated with the business/business owner.
   2. **Market Opportunity** – The Commercial Small Business Market is more embracing of a Non-FCRA Business Owner Model over the FCRA version that we currently offer. The new Non-FCRA is an alternative to the FCRA Model for small business owners. Also, the new model it can be used as a secondary Model if an “unbanked” or new business is not found using the FCRA model to score business risk. The solution is a core deliverable to the market message. No other vendor delivers insurance loss prediction scores for a small business using business owner public records data.

|  |  |
| --- | --- |
|  | |
|  |  |

* 1. **Financial Objective** –
     1. Year 1 = $200,000.00
     2. Year 2 = $500,000.00
     3. Year 3 = $750,000.00

1. Dependencies
   1. **Assumptions –** Model is complete.
   2. **Issues** –
   3. **Constraints** – NA
2. Product/Service Requirements
   1. **Overview** –

The Modeling Team will develop a risk score sourced off of public records.

A new predictive model that identifies loss propensity of business owners needs to be developed. This model will leverage non-FCRA attributes that enable insurance carriers to have the same insights for business owners that they do when using consumer/commercial credit. The attributes used in the model will be Non-FCRA Public Records, selected Geospatial Loss Risk Index and Life Experience Data Pack, which is length of driving.

A rule plan will send the inquiry to Insurance Scoring Service (ISS). Since ISS orders Data Enhancement, the rule plan will not order Data Enhancement. This follows how ISS works with other models. The Data Enhancement data will not be sent to the carrier. ISS will utilize LexID information and will not be sent to the carrier.

The name, and address of the Small Business Owner (SBO) are required. The Date of Birth (DOB) and Social Security Number (SSN) of the SBO are optional however; preferable to increase the hit rates of the Public Record attributes.

The model will produce a score for each SBO from 200 to 997, where 200 = highest (worst) risk, 997 = lowest (best) risk, etc. Model indicators will be returned.

The carrier will submit the model on the inquiry. Additional details will be in the Rules Functional Requirements Specifications (FRS).

* 1. **Data** – The Attract for Business Owners will utilize data attributes from:
* Boca Shell 4.0 (Public Records)
* Life Experience Pack
* Geospatial Loss Risk Index

* 1. **Compliance/Restrictions** – DPPA, GLB

The defaults for Insurance, approved by legal are:

The DPPA code to be logged is “6” – For use by an insurer or insurance support organization, or by a self-insured entity, or its agents, employees, or contractors, in connection with claims investigation activities, antifraud activities, rating or underwriting.

The GLB code to be logged is “1” – As necessary to effect, administer, or enforce a transaction that a consumer requests or authorizes.

* 1. **Contract Restrictions:** Customer level contracts to include GLB / DPPA language. .

Customer will need to be CLUE Commercial and CLUE Property contributors.

* 1. **Interface** – Interactive
  2. **Delivery System** – System-to-system (No Batch)

The Insurance Solutions portal will be implemented at a later date PIR#3072.

* 1. **Process Flow** –



* 1. **Format** –XML
  2. **Inquiry** – Business Owner
* First and last name - Required
* Address – Required (Street number and name, City, State, Zip)
* DOB – Optional
* SSN- Optional
  1. **Result** – Score and Model Indicators
  2. **Standard Common Status Codes** – Standard list of Processing, Error and Billing status codes.

| **Internal or External to Customer** | **Message Code** | **XML/HPCC Common Processing Status Code** | **XML/HPCC Common Order Status Code  (to bill or not bill the order in MBSi)** | **Score Server Message (Internal)** | **Customer Message (External)** |
| --- | --- | --- | --- | --- | --- |
| Internal | Empty |  | 100 | Regular order is ready to bill |  |
| Internal | Empty |  | 101 | Regular order has been billed |  |
| Internal | Empty |  | 102 | Dupe/Secondary order ready to bill |  |
| Internal | Empty |  | 103 | Dupe/Secondary order has been billed |  |
| Internal | Empty |  | 104 | Attachment is ready to bill |  |
| Internal | Empty |  | 105 | Attachment has been billed |  |
| Internal | Empty |  | 199 | Error during billing |  |
| Internal | Empty |  | 201 | Order has processed successfully but is not billed |  |
| Internal | Empty |  | 205 | OPR transactions on hold |  |
| External | Empty | 301 | 301 | STF generated by the application | Product Unavailable. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 302 | 302 | STF generated by the Roxie | Product Unavailable. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 303 | 303 | STF generated by the ESP (application unreachable) | Product Unavailable. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 304 | 304 | STF generated by the ESP (timeout waiting on response) | Product Unavailable. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 305 | 305 | STF generated by the ESP (connection lost to host) | Product Unavailable. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 401 | 401 | Insufficient Search Data | Incomplete Data In Order. Please call LexisNexis at 1-800-236-9993 |
| External | Empty | 402 | 402 | Invalid Account or Node ID | Incomplete Data In Order. Please call LexisNexis at 1-800-236-9993 |
| External | Empty | 403 | 403 | Error Received from Third Party Vendor | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 404 | 404 | Score Unavailable at this time | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 405 | 405 | Black listed URL | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 406 | 406 | State Affidavit not on file | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 407 | 407 | Invalid Data. Model ID (PXXX)Found in Record | Incomplete Data In Order. Please call LexisNexis at 1-800-236-9993 |
| External | Empty | 408 | 408 | Vendor Unavailable | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 409 | 409 | State Unavailable | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 410 | 410 | All products ordered received errors | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 411 | 411 | Unable to bill. Required fields missing. | Internal Product Error. Please call LexisNexis at 1-800-236-9993. |
| External | Empty | 499 | 499 | Application Unreachable (PROD\_MF\_SWITCH)   No Response - Timeout (PROD\_MF\_SWTCH)   Inquiry Records are Missing or Invald  Edits Conversion Error : V2 TO V1   Missing Sidex Trailer Record  Missing Sidex Header Record  Fatal API Error  Received HTTP get on Sidex Port  Received HTTP Post On Sidex Port | Product Unavailable. Please call LexisNexis at 1-800-236-9993 |
| External | Empty | 501 |  | Complete | Results specific to product |
| External | 60 | 503 |  | Not Found | Specific to product |
| External | 80 | 504 |  | No Score | Specific to product |
| External | 50 | 504 |  | No Score | Specific to product |
| External | 10 | 504 |  | Subject Deceased Indicator | Specific to product |

1. **Contributory Requirements** – NA

CLUE (whether it is CLUE commercial or property).

1. Rule Plan Requirements **–** Yes – TBD - FRS
   1. See Appendix for Rules Functional Specifications
      1. Details provided by Rules Business Analyst
2. **Modeling Requirements** – Refer to the Analytics/Modeling Group Documentation
   1. Details provided by the Modeling team.
   2. Score model ids– B504
   3. Score and model Indicators will be returned.
3. Third Party Data and Vendor Requirements **–**N/A No Third Party data is used. Third Party Processors/Software providers should be allowed. Refer to the FRS.
4. Volume – Year 1 – 50,000

Year 2 - 130,000

Year 3 – 200,000

1. Account/Customer Setup

* No Customer level changes are needed.
* Billing Types from dropdown under ISS product configuration Models Billing Type:
  + MBSi base detail billing
* Product Options – Available Sales Products. Commercial Models
* New Models under ISS Configuration. Commercial Models
  + Added under ISS
* Select a Model – We need to account for 1 new model
  + B504
  1. Search Results Page – No new product, use ISS – ISS is the product in the Search Results grid.
  2. Rules –Rule Plan ID -5400

1. Support Tool

Support Tool for ISS exists today. Add Model to search screen.

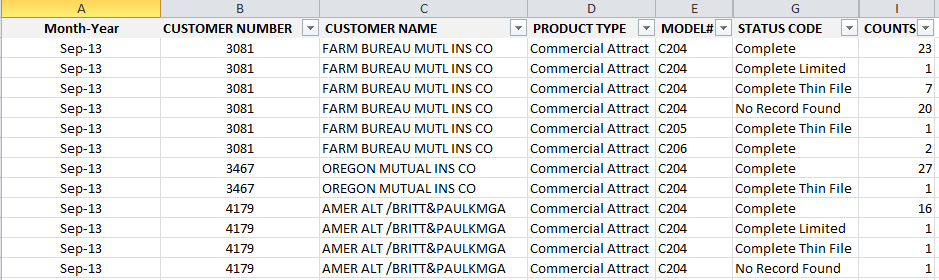
* Attract For Commercial Business Owners

The ISS result contains a Score and Model Indicators.

1. Management Reports (only 1 report as there is only 1 model for this project.)

Sample Report Column Headings: Refer to the example below. Only the B504 model will be included.

The Product Management Team will need to receive the report via e-mail (address TBD – NPE asked Product Management to send to ) on the first day of each month for the previous month.  The report was created by the Commercial Technical team.



1. Consumer Disclosure – NA
2. Billing
   1. Billing Type - Transactional Insurance Detailed Billing done by MBSi.
   2. Billing for this product should be included with all insurance products on one bill.
   3. Fulfillment/Finance has been approved. (Information only, no action required.)
   4. Report Codes – 2 (Agent and Underwriter version)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Product**  **Group** | **Cost**  **Center** | **Report code #** | **Report code name** | **Stat code** | **Stat code name** | **UN or AGT** | **Long Description** | **Detailed Description** |
| COM | 351 | 5964 | COM ATT BOP | AS00 | COM ATT BUS SCORE | U | COMMERCIAL ATTRACT BUSINESS OWNER SCORE |  |
| COM | 351 | 5967 | COM ATT BOP | BB00 | AGENT COM ATT BUS SCORE | A | AGENT COMMERCIAL ATTRACT BUSINESS OWNER SCORE |  |

* 1. Special Requirements – N/A

1. Testing
2. QC
3. MOE
4. Legal Approvals
   1. Legal approval of PIR has been obtained.

By: Erika Hutt

Date: 09-06-2013

Restrictions, exceptions or outstanding issues: This is approved for use with only non-FCRA data listed within this PIR.  To the extent additional non-FCRA is to be added, legal will need to review and approve a different PIR.  Legal to see and review Model Indicators as set forth in the Model document attached to the PIR. Baseline PMR to be presented to Legal. Final PMR and production review to follow.

* 1. Legal approval of Baseline PMR.

By:

Date:

Restrictions, exceptions or outstanding issues:

* 1. Legal approval of Final PMR has been obtained.

By:

Date:

Restrictions, exceptions or outstanding issues:

* 1. Legal approval of Final Product Launch has been obtained via email.

By:

Date:

Restrictions, exceptions or outstanding issues:

1. Security Assessment
   1. Security/PSCO:

iSIT Ticket # 3283814

By: Jarvis Robinson

Date: February 03, 2014

Restrictions, exceptions or outstanding issues:

This is a Tier 3 review request (e.g. existing application; changes involving data type, reports, and models). Your submission for security review was approved by the security review team. No additional milestones required for fulfillment.

1. Sales Tax – TBD – NPE to submit request

|  |  |  |
| --- | --- | --- |
|  | **Questions for Assessing Taxability of product/service** | **Response** |
| 1 | What company / legal entity is selling the product/service? |  |
| 2 | What is it exactly that we are selling?  Identify if there is a web site that has additional background information. |  |
| 3 | Are we selling this product/service to an end user or is it being resold? |  |
| 4 | Who are the customers? |  |
| 5 | Is the product/service in an electronic or print format? |  |
| 6 | What is the medium of transmission ( i.e. is the product/service shipped on a disk, e-mailed, load and leave, electronically transmitted, or accessed via software or a through a website)? |  |
| 7 | Is a software license being granted (i.e. a license to use computer software or the right to use and access computer software via software as a service model?) |  |
| 8 | Who initiates the transmission of the product/service? |  |
| 9 | Do we send the product/service to the customer or does the customer retrieve it? |  |
| 10 | Is there any tangible personal property associated with the sale of this product/service? |  |
| 11 | How do we bill for this product/service?  Is this a bundled charge or do we charge separately for different features of the product/service? |  |
| 12 | If the product/service includes data or information, is it personal and individual in nature such that no other customer can use the information? |  |
| 13 | Does this product/service generate any reports or files which can be used by other customers? |  |
| 14 | If there is a transmission of software or access to software via internet, is it canned or customized? |  |
| 15 | Can we obtain sample invoices or contracts? |  |
| 16 | Is this product shipped to or used in specific jurisdictions? |  |
| 17 | Is this product / service used in multiple jurisdictions and if so, can we obtain a breakdown of the use in each jurisdiction? |  |
| 18 | If the product is shipped, what are the terms of shipment?  Is a common carrier used?  Are goods dropped shipped? |  |
| 19 | Is there a maintenance component to the sale?  If so, is it mandatory or optional? |  |
| 20 | Are the different maintenance components separately stated on the customer invoices? |  |
| 21 | What is the delivery method, load and leave, electronic, or TPP?  What does the customer receive via the maintenance component? (i.e. phone support, email support, computer software upgrades, etc.?) |  |
| 22 | If the customer receives computer software upgrades, how are the upgrades provided (i.e. via diskette, emailed, downloaded, access through a website?) |  |
| 23 | Who is the product champion that would be the best contact for additional information? |  |
| 24 | What is the timeframe for rollout? |  |
| 25 | Is this an entirely new product/service or is this a subsequent phase of an existing product/service?  Will there be additional phases that need to be considered? |  |

**Appendices**

1. Appendix A – Rules Functional Specifications - TBD

24. Appendix B – Model Document VERSION 4.1

**Attract for Business Owner’s Underwriting (Non-FCRA)**

**Commercial Vertical**

**(QB #2211)**

**Section 1 – Business Purpose**

There are approximately 32 million businesses in the U.S. According to recent data, 28 million (89%) have fewer than 5 employees. Commercial credit information is often times sparse for small businesses as many are not well established entities. Also, Small Business Owners (SBO’s) tend to use personal and commercial credit lines interchangeably. Hence, commercial credit has limited value for insurance underwriting. Due to the dynamics of small businesses, the personal credit information of SBO’s is a good source of information for assessing such risks. LexisNexis has built and released a Business Owners Attract Model (3.1) in April of 2013 that utilizes the consumer credit history of a small business owner as a surrogate for commercial credit to identify the loss propensity of the business.

However, some commercial carriers have expressed a need for a Non-FCRA Model to rank order the likelihood that a small business will file a claim. They desire the flexibility on a Non-FCRA solution that utilizes Public Records and other non-FCRA data sources to either replace or augment a credit-based solution for scoring a risk. Public Record attributes can serve as an effective proxy for consumer credit attributes. Based on the small business risk assessment provided by this solution and other information provided by the applicant, the carrier may reject the risk, route it to another model or credit assessment, or allow it to proceed to the pricing/underwriting process.

**Section 2 – Solution Overview**

1. The LexisNexis Non-FCRA Business Owners Attract Model will use non-FCRA Public Record, selected Geospatial Loss Risk Index attributes, and Experience Pack attributes to derive a score for an SBO. The score will range from 200- 997 to rank order loss ratios for small businesses. The higher the score, the lower the risk associated with the SBO.
2. The target variable (Y) is the historical loss ratios (incurred or paid losses to earned premium) arising from actual Business Owners Policies (BOP’s) provided by a number of carriers. The same dataset used to develop the Attract 3.1 solution can be used for this model.
3. Model Indicators, which are the non-FCRA equivalent to Reason Codes, will be returned along with the score to provide insight as to why the risk scored as it did.

**Section 3 – Required Input**

1. The name, address, and Date of Birth (DOB) of the *Business Owner* are required. If the business address is different than the Business Owner’s residential address, the business address is preferred. The Social Security Number of the SBO is preferable to increase the hit rates of the Public Record attributes.
2. This information will be sent to LexisNexis interactively at point of quote through a S2S connection with the carrier or producer.

**Section 4 – Modeling Requirements**

1. The exploratory data analysis (EDA) will focus on non-FCRA Public Record, Geospatial Loss Risk Index, and Data Pack attributes that are most predictive of the target.
2. The target variable (Y) is historical loss ratios (incurred or paid losses to earned premium) arising from actual Business Owners Policies (BOP’s) provided by a number of carriers. The same dataset used to develop the Business Owner Attract 3.1 can be used for this model. This data consist of 600,000 historical polices effective over a 5-year period representing $1.6 billion in premium.
3. Generalized Linear Modeling techniques will be used to develop the model. The goal is to find a subset of Public Record, Experience/Residence Packs, and selected Geospatial Loss Risk Index attributes to use in the model that optimize the rank ordering of loss ratios.

**Attract for Business Owner’s Underwriting (Non-FCRA)**

**Section 4 – Modeling Requirements - Continued**

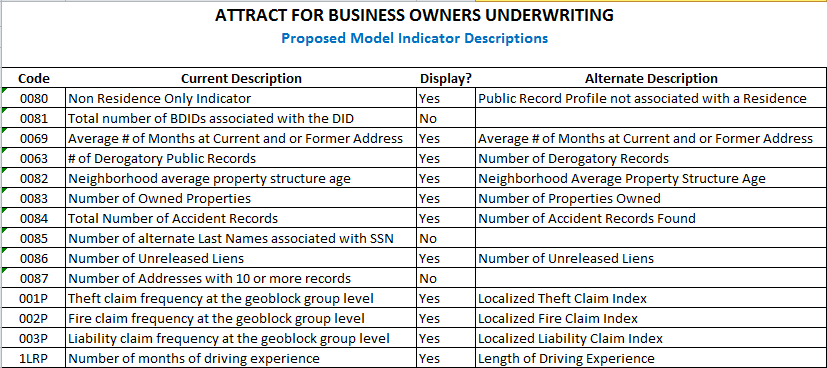
1. The Vertical should acquire additional datasets from carriers who desire this model for the purposes of Beta Testing and model validation. As it takes time to formulate the data template and to modify the SOW, this process should begin ASAP.

**Section 5 – Data Assets & Attributes**

1. The data assets that will be use in the model are Non-FCRA Public Records, Geospatial Loss Risk Index, and Life Experience Data Packs.
2. Below is a matrix that displays the data attributes that will be used in the model and their source:



**Section 5A – Model Indicators**



**Section 6 – Required Output**

1. The model will produce a score for each Small Business Owner (SBO) from 200 to 997, where 200 = highest (worst) risk, 997 = lowest (best) risk.
2. Model Indicators will be returned along with the score to provide insight as to why the risk scored as it did.
3. The output will be delivered to the customer via the IDS Web Portal as a report or in an XML format when processing system to system.
4. A separate PIR # (3072) has been created to define and track the work needed to develop the IDS Portal to accommodate Attract for Commercial Driver Underwriting and for Attract for Business Owner’s Underwriting.
5. A batch delivery process is also necessary to facilitate customer retro validation tests. The Record Layout for the Customer tests will be defined in a separate document.

**Section 7 – Contributory Requirements**

1. A carrier must be a current contributor to the LexisNexis CLUE Commercial database to be able to purchase the Attract for Business Owner’s underwriting solution scores and indicators.